

AMENDED IN ASSEMBLY MAY 22, 2008

AMENDED IN ASSEMBLY MAY 1, 2008

AMENDED IN SENATE MARCH 25, 2008

AMENDED IN SENATE FEBRUARY 28, 2008

SENATE BILL

No. 1124

**Introduced by Committee on Local Government (Senators
Negrete McLeod (Chair), Cox, Harman, Kehoe, and Machado)**

January 28, 2008

An act to repeal Article 8 (Commencing with Section 17375) of Chapter 3 of Part 10.5 of the Education Code, and to amend Sections 6509.7, 8855, 15975, 25558, 25904, 26020, 26100, 26101, 26802.5, 37617, 50022.6, 53601, 53635, 53635.8, 53646, 53839, 56425.5, 65863 and 66412 of the Government Code, to amend Sections 4730.11, 5474, ~~and 33492.42~~ 33492.42, *and 116183* of the Health and Safety Code, and to amend Section 36623 of the Streets and Highways Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 1124, as amended, Committee on Local Government. Local Government Omnibus Act of 2008.

(1) Existing law authorizes the Governing Board of the Los Angeles Unified School District, the City of Los Angeles, and the Board of Supervisors of Los Angeles County to form a joint powers agency for the financing, construction, and operation of an all-purpose recreational stadium and center in the San Pedro area of Los Angeles County, as specified.

This bill would repeal these provisions.

(2) Existing law requires local governments to provide annual statements of investment policies, and quarterly investment reports to the California Debt and Investment Advisory Commission, as specified.

This bill would repeal that requirement.

(3) Existing law requires the issuer of any new debt issue of state or local government to submit a report of final sale, within 45 days after the signing of the bond purchase contract or acceptance of a bid in a competitive offering, to the California Debt and Advisory Commission, as specified.

This bill would also require the issuer of any proposed new debt issue of state or local government to give written notice of a proposed sale, no later than 30 days prior to the sale of any debt issue at private or public sale, to the commission, as specified.

(4) The Social Service Transportation Improvement Act requires transportation planning agencies and the county transportation commissions to prepare and adopt an action plan that describes in detail the steps required to accomplish the consolidation of social service transportation services.

Existing law provides immunity to public entities, against certain actions at law, as specified.

This bill would designate an entity formed by the regional transportation planning authority as a nonprofit public benefit corporation, designated as a consolidated transportation services agency, under the Social Service Transportation Improvement Act, as a public agency, within the meaning of “public entity,” for the purposes of liability for certain actions, as specified.

(5) Existing law authorizes the board of supervisors of a county to levy in any year, a special tax, in addition to all other taxes provided for, of not to exceed \$0.003 on the \$100 of assessed valuation on all the taxable property in the county, for funding of music free to the public.

Existing law authorizes the board of supervisors of a county to levy in any year, a special tax, in addition to all other taxes provided for, of not to exceed \$0.004 on the \$100 of assessed valuation on all the taxable property in the county, to encourage immigration, increase trade in the products of the state and of the county, and promote the industrial, livestock, agricultural, horticultural, viticulture, and pastoral pursuits of the county.

Existing law authorizes the board of supervisors of a county to levy in any year, a special tax, in addition to all other taxes provided for, of

not to exceed \$0.004 on the \$100 of assessed valuation on all the taxable property in the county, to induce immigration to, and increase trade and commerce of, the county, by using the proceeds of the tax for, among other things, advertising, exploiting, and making known the resources of the county.

Existing law authorizes the board of supervisors of a county to levy in any year, a special tax, in addition to all other taxes provided for, of not to exceed \$0.003 on the \$100 of assessed valuation on all the taxable property in the county, for maintaining public airports and landing places for aerial traffic for the use of the public.

Existing law authorizes the legislative body of a city to levy a tax to maintain and purchase necessary property for a municipal hospital, as specified.

This bill would delete these authorizations, and instead authorize local governments to levy voter-approved special taxes, as specified, for these purposes.

(6) Existing law requires the clerk of the legislative body of any city, county, or city and county, following the adoption of any code by the legislative body, to maintain at all times a reasonable supply of copies of the primary code and of any secondary codes incorporated in it by reference, available for purchase by the public, as specified.

This bill would repeal this requirement.

(7) Existing law authorizes a local agency to invest specified funds into, among other things, bonds issued by the local agency, United States Treasury notes, bonds, bills, or certificates of indebtedness, or registered state warrants or treasury notes or bonds of this state, as specified.

This bill would correct various incorrect statutory cross references to these provisions.

~~(7)~~

(8) Existing law authorizes the board of supervisors, in specified counties, to appoint the registrar of voters in the same manner as other county officers are appointed.

This bill would also authorize the board of supervisors of the County of Napa to appoint the registrar of voters in the same manner as other county officers are appointed.

~~(8)~~

(9) Existing law, until December 31, 2009, authorizes special districts to issue securitized limited obligation notes, as specified.

This bill would extend that authorization to December 31, 2014.

~~(9)~~

(10) Existing law prohibits a determination of a city's sphere of influence, where the sphere of influence includes specified redevelopment projects, from precluding any other agency in addition to that city, from providing facilities or services related to development to, or in that portion of, the redevelopment project area unless specified conditions exist.

This bill would delete an obsolete cross-reference in these provisions.

~~(10)~~

(11) Existing law, until January 1, 2007, authorizes a court to award attorney's fees if a court finds for the plaintiff in an action against a city, county, or city and county, for failure to ensure that the city, county, or city and county's housing element inventory or housing element program to make sites available, can accommodate its share of the regional housing need throughout the planning period.

This bill would repeal this authorization.

~~(11)~~

(12) Existing law exempts from the requirements of the Subdivision Map Act, specified types of property, including, among others, mineral, oil, or gas leases, land dedicated for cemetery purposes, and boundary line or exchange agreements to which the State Lands Commission or a local agency holding a trust grant of tide and submerged lands is a party.

This bill would also exempt from the requirements of the Subdivision Map Act, the leasing of, or the granting of an easement to, a parcel of land, or any portion thereof, in conjunction with the financing, erection, and sale or lease of a solar electrical generation device on the land, if the project is subject to review under other local agency ordinances regulating design and improvement or if the project is subject to discretionary action by the advisory agency or legislative body.

~~(12)~~

(13) Existing law establishes the Sacramento County Sanitation District No. 1, as specified.

This bill would change the name of the district to the Sacramento Area Sewer District.

~~(13)~~

(14) Existing law authorizes an entity, as defined, to charge a connection fee for the privilege of connecting to its sanitation or sewage facilities, and to provide for the payment of fees or charges prior to connection or in installments over a period of up to 15 years.

This bill would extend the time period that installments may be authorized to not more than 30 years.

~~(14)~~

(15) Existing law authorizes the Inland Valley Development Agency to locate, construct, and maintain facilities and infrastructure for sewer and water pipelines or other facilities for sewer transmission and water supply or distribution systems along and across any street or public highway and on any lands that are owned by the state, to provide facilities or services related to development to the redevelopment project area, as specified.

This bill would delete an obsolete cross-reference in these provisions.

(16) *Existing law, until January 1, 2009, requires any state or local agency responding to an outbreak of West Nile virus or other mosquito-borne disease with an abatement and surveillance program to contract with a local mosquito and vector control agency that is party to a cooperative agreement with the State Department of Public Health, or consult directly with the department, to ensure that outbreak response is supervised appropriately and conducted by licensed personnel using sound integrated mosquito management techniques.*

This bill would extend this requirement until January 1, 2011.

By extending the time period that local agencies must comply with these requirements, this bill would impose a state-mandated local program.

~~(15)~~

(17) Under the Property and Business Improvement District Law of 1994, if a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedures must comply with the Ralph M. Brown Act, as specified.

This bill would provide additional guidelines for the submission of a written protest against a new or increased business assessment.

(18) *The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 SECTION 1. (a) This act shall be known and may be cited as
2 the Local Government Omnibus Act of 2008.

3 (b) The Legislature finds and declares that Californians want
4 their governments to be run efficiently and economically and that
5 public officials should avoid waste and duplication whenever
6 possible. The Legislature further finds and declares that it desires
7 to control its own costs by reducing the number of separate bills.
8 Therefore, it is the intent of the Legislature in enacting this act to
9 combine several minor, noncontroversial statutory changes relating
10 to local government into a single measure.

11 SEC. 1.5. Article 8 (commencing with Section 17375) of
12 Chapter 3 of Part 10.5 of the Education Code is repealed.

13 SEC. 1.7. *Section 6509.7 of the Government Code is amended*
14 *to read:*

15 6509.7. (a) Notwithstanding any other provision of law, two
16 or more public agencies that have the authority to invest funds in
17 their treasuries may, by agreement, jointly exercise that common
18 power. Funds invested pursuant to an agreement entered into under
19 this section may be invested as authorized by subdivision ~~(o)~~ (p)
20 of Section 53601. A joint powers authority formed pursuant to this
21 section may issue shares of beneficial interest to participating
22 public agencies. Each share shall represent an equal proportionate
23 interest in the underlying pool of securities owned by the joint
24 powers authority. To be eligible under this section, the joint powers
25 authority issuing the shares of beneficial interest shall have retained
26 an investment adviser that meets all of the following criteria:

27 (1) The adviser is registered or exempt from registration with
28 the Securities and Exchange Commission.

29 (2) The adviser has not less than five years of experience
30 investing in the securities and obligations authorized in
31 subdivisions (a) to ~~(n)~~ (o), inclusive, of Section 53601.

32 (3) The adviser has assets under management in excess of five
33 hundred million dollars (\$500,000,000).

34 (b) As used in this section, “public agency” includes a nonprofit
35 corporation whose membership is confined to public agencies or
36 public officials, in addition to those agencies listed in Section 6500.

37 SEC. 2. Section 8855 of the Government Code is amended to
38 read:

1 8855. (a) There is created the California Debt and Investment
2 Advisory Commission, consisting of nine members, selected as
3 follows:

- 4 (1) The Treasurer, or his or her designee.
- 5 (2) The Governor or the Director of Finance.
- 6 (3) The Controller, or his or her designee.
- 7 (4) Two local government finance officers appointed by the
8 Treasurer, one each from among persons employed by a county
9 and by a city or a city and county of this state, experienced in the
10 issuance and sale of municipal bonds and nominated by
11 associations affiliated with these agencies.
- 12 (5) Two Members of the Assembly appointed by the Speaker
13 of the Assembly.
- 14 (6) Two Members of the Senate appointed by the Senate
15 Committee on Rules.

16 (b) (1) The term of office of an appointed member is four years,
17 but appointed members serve at the pleasure of the appointing
18 power. In case of a vacancy for any cause, the appointing power
19 shall make an appointment to become effective immediately for
20 the unexpired term.

21 (2) Any legislators appointed to the commission shall meet with
22 and participate in the activities of the commission to the extent
23 that the participation is not incompatible with their respective
24 positions as Members of the Legislature. For purposes of this
25 chapter, the Members of the Legislature shall constitute a joint
26 interim legislative committee on the subject of this chapter.

27 (c) The Treasurer shall serve as chairperson of the commission
28 and shall preside at meetings of the commission.

29 (d) Appointed members of the commission shall not receive a
30 salary, but shall be entitled to a per diem allowance of fifty dollars
31 (\$50) for each day's attendance at a meeting of the commission
32 not to exceed three hundred dollars (\$300) in any month, and
33 reimbursement for expenses incurred in the performance of their
34 duties under this chapter, including travel and other necessary
35 expenses.

36 (e) The commission may adopt bylaws for the regulation of its
37 affairs and the conduct of its business.

38 (f) The commission shall meet on the call of the chairperson,
39 at the request of a majority of the members, or at the request of

1 the Governor. A majority of all nonlegislative members of the
2 commission constitutes a quorum for the transaction of business.

3 (g) The office of the Treasurer shall furnish all administrative
4 assistance required by the commission.

5 (h) The commission shall do all of the following:

6 (1) Assist all state financing authorities and commissions in
7 carrying out their responsibilities as prescribed by law, including
8 assistance with respect to federal legislation pending in Congress.

9 (2) Upon request of any state or local government units, to assist
10 them in the planning, preparation, marketing, and sale of new debt
11 issues to reduce cost and to assist in protecting the issuer's credit.

12 (3) Collect, maintain, and provide comprehensive information
13 on all state and all local debt authorization and issuance, and serve
14 as a statistical clearinghouse for all state and local debt issues. This
15 information shall be readily available upon request by any public
16 official or any member of the public.

17 (4) Maintain contact with state and municipal bond issuers,
18 underwriters, credit rating agencies, investors, and others to
19 improve the market for state and local government debt issues.

20 (5) Undertake or commission studies on methods to reduce the
21 costs and improve credit ratings of state and local issues.

22 (6) Recommend changes in state laws and local practices to
23 improve the sale and servicing of state and local debts.

24 (7) Establish a continuing education program for local officials
25 having direct or supervisory responsibility over municipal
26 investments and debt issuance. The commission shall undertake
27 these and any other activities necessary to disclose investment and
28 debt issuance practices and strategies that may be conducive for
29 oversight purposes.

30 (8) Collect, maintain, and provide information on local agency
31 investments of public funds for local agency investment.

32 (9) Publish a monthly newsletter describing and evaluating the
33 operations of the commission during the preceding month.

34 (i) The issuer of any proposed new debt issue of state or local
35 government shall, no later than 30 days prior to the sale of any
36 debt issue at public or private sale, give written notice of the
37 proposed sale to the commission, by mail, postage prepaid, or by
38 any other method approved by the commission. This subdivision
39 shall also apply to any nonprofit public benefit corporation
40 incorporated for the purpose of acquiring student loans. The notice

1 shall include the proposed sale date, the name of the issuer, the
2 type of debt issue, and the estimated principal amount of the debt.
3 Failure to give this notice shall not affect the validity of the sale.

4 (j) The issuer of any new debt issue of state or local government,
5 not later than 45 days after the signing of the bond purchase
6 contract in a negotiated or private financing, or after the acceptance
7 of a bid in a competitive offering, shall submit a report of final
8 sale to the commission by mail, postage prepaid, or by any other
9 method approved by the commission. A copy of the final official
10 statement for the issue shall accompany the report of final sale. If
11 there is no official statement, the issuer shall provide each of the
12 following documents, if they exist, along with the report of final
13 sale:

- 14 (1) Other disclosure document.
- 15 (2) Indenture.
- 16 (3) Installment sales agreement.
- 17 (4) Loan agreement or promissory note.
- 18 (5) Bond purchase contract.
- 19 (6) Resolution authorizing the issue.
- 20 (7) Bond specimen.

21 The commission may require information to be submitted in the
22 report of final sale that it considers appropriate. The issuer may
23 redact confidential information contained in the documents if the
24 redacted information is not information that is otherwise required
25 to be reported to the commission.

26 SEC. 3. Section 15975 of the Government Code is amended
27 to read:

28 15975. The transportation planning agencies and the county
29 transportation commissions shall prepare and adopt an action plan
30 that describes in detail the steps required to accomplish the
31 consolidation of social service transportation services. Funding
32 for the action plan shall be provided from local transportation funds
33 made available under Chapter 4 (commencing with Section 99200)
34 of Part 11 of Division 10 of the Public Utilities Code. The action
35 plan shall substantiate that one or more of the benefits indicated
36 in Sections 15951 and 15952 are feasible for the services in a given
37 geographic area. The action plan shall include, but not be limited
38 to, the following:

39 (a) The designation of consolidated transportation service
40 agencies within the geographic area of jurisdiction of the

1 transportation planning agency or county transportation
2 commission. The action plan may designate more than a single
3 agency or multiple agencies as consolidated transportation service
4 agencies, if improved coordination of all services is demonstrated
5 within the geographic area. In Ventura County, the county
6 transportation commission is the consolidated transportation service
7 agency.

8 The action plan may also specify that the consolidation of some
9 services and the coordination of other services is the most feasible
10 approach, at the time the action plan is submitted, which will
11 provide improved efficiency and effectiveness of those services.

12 (b) The identification of the social service recipients to be
13 served, of funds available for use by the consolidated or
14 coordinated services, and of an orderly strategy and schedule
15 detailing the steps required to develop the financial program and
16 management structure necessary to implement consolidated or
17 coordinated services.

18 (c) Measures to coordinate the services provided under
19 subdivision (a) with existing fixed route service provided by public
20 and private transportation providers.

21 (d) Measures for the effective coordination of specialized
22 transportation service from one provider service area to another.

23 (e) Measures to ensure that the objectives of the action plan are
24 consistent with the legislative intent declared in Section 15951.

25 (f) An entity formed by the regional transportation planning
26 authority as a nonprofit public benefit corporation, designated as
27 a consolidated transportation services agency under this section
28 and charged with administering a countywide coordinated
29 paratransit plan adopted pursuant to Section 37.141 of Chapter 49
30 of the Code of Federal Regulations shall, for the purposes of
31 paragraph (2) of subdivision (e) of Section 14055 and Part 1
32 (commencing with Section 810) and Part 2 (commencing with
33 Section 814) of Division 3.6 be deemed a “public agency” within
34 the meaning of “public entity,” as defined in Section 811.2.

35 SEC. 4. Section 25558 of the Government Code is amended
36 to read:

37 25558. To the end that its citizens may enjoy greater cultural,
38 educational, and recreational advantages, any county may provide
39 music free to the public in connection with the maintenance of
40 county-owned parks and playgrounds or upon any appropriate

1 public or patriotic occasion, and for these purposes the board of
2 supervisors may:

3 (a) Designate, from time to time, a group of professional
4 musicians as the official county orchestra or band, or both, and
5 compensate them for their professional services.

6 (b) Provide necessary equipment, including music and uniforms,
7 for the official county orchestra or band, or both, and provide a
8 suitable place with necessary custodians or attendants for keeping
9 the equipment.

10 (c) Provide a suitable place or places for the rehearsal of or
11 concerts by the official county orchestra or band.

12 (d) Enter into contracts with any professional musician or
13 organization sponsoring a professional orchestra or band to furnish
14 music.

15 (e) Combine with any city within the boundaries of the county,
16 in the accomplishment of the purposes of this section and expend
17 money in conjunction with any city in accomplishing the
18 objectives.

19 (f) Establish a county orchestra or band fund and transfer from
20 the general fund to such fund, from time to time, such money as
21 it deems necessary.

22 (g) Levy a special tax, pursuant to Article 3.5 (commencing
23 with Section 50075) of Chapter 1 of Part 1 of Division 1 of Title
24 5, and spend the proceeds for the purposes of this section.

25 (h) Create a county band and orchestra commission to carry
26 out, on behalf of the board, any of the purposes and objects of this
27 section and from time to time determine the members, powers,
28 and duties of the commission.

29 SEC. 5. Section 25904 of the Government Code is amended
30 to read:

31 25904. (a) The board of supervisors may levy a special tax,
32 pursuant to Article 3.5 (commencing with Section 50075) of
33 Chapter 1 of Part 1 of Division 1 of Title 5, and spend the proceeds
34 to encourage immigration, increase trade in the products of the
35 state and of the county, and promote the industrial, livestock,
36 agricultural, horticultural, viticultural, and pastoral pursuits of the
37 county.

38 (b) The proceeds may be used for the purposes of:

1 (1) Collecting, preparing, and maintaining an exhibition of the
2 products and industries of the county at any domestic or foreign
3 exposition.

4 (2) Making contribution to the support of any local fair or
5 exhibition of industrial, agricultural, horticultural, viticultural, or
6 pastoral products maintained by any public agency, county
7 agricultural association, county fair association, or chamber of
8 commerce in the county. If there is no such fair or exhibition in
9 the county, the contribution may be made to the support of a fair
10 or exhibition maintained by a group of counties of which the
11 contributing county is one.

12 (3) The contribution may be used by the agency for the general
13 conduct of the fair or exhibition, including the giving of premiums,
14 in the name of the county, for competitive excellence in industrial,
15 agricultural, livestock, horticultural, viticultural, and pastoral
16 products at the fair or exhibition.

17 SEC. 6. Section 26020 of the Government Code is amended
18 to read:

19 26020. As a necessary adjunct to aerial transportation and the
20 use of aerial highways, the board of supervisors may provide and
21 maintain public airports and landing places for aerial traffic for
22 the use of the public. For those purposes the board of supervisors
23 may:

24 (a) Acquire by purchase, condemnation, donation, lease, or
25 otherwise real or personal property, either within or without the
26 incorporated territory of municipalities, necessary for those
27 purposes, and improve, construct, reconstruct, lease, furnish,
28 refurnish, use, repair, maintain, and control the property, including
29 buildings, structures, and lighting and other equipment and facilities
30 necessary for that use.

31 (b) Provide all necessary custodians, employees, attendants,
32 and supplies for the proper maintenance of the property for the
33 purposes specified in this section.

34 (c) In addition to all other taxes, levy a special tax, pursuant to
35 Article 3.5 (commencing with Section 50075) of Chapter 1 of Part
36 1 of Division 1 of Title 5, and spend the proceeds for the purposes
37 specified in this section. The proceeds of the special tax may be
38 accumulated for not to exceed five years for use in carrying out
39 the purposes of this section. A board of supervisors shall not levy
40 an airport tax as provided for by this section on any airport district

1 formed pursuant to the California Airport District Act (Part 2
2 (commencing with Section 22001) of Division 9 of the Public
3 Utilities Code).

4 (d) Establish a fund or funds for the purposes specified in this
5 section and appropriate and transfer from the general fund to such
6 fund or funds from time to time any money as it deems necessary.

7 (e) In the manner provided by law, incur a bonded indebtedness
8 on behalf of the county.

9 SEC. 7. Section 26100 of the Government Code is amended
10 to read:

11 26100. (a) The board of supervisors may levy a special tax
12 pursuant to Article 3.5 (commencing with Section 50075) of
13 Chapter 1 of Part 1 of Division 1 of Title 5, and spend the proceeds
14 for the purpose of inducing immigration to, and increasing the
15 trade and commerce of, the county. The proceeds of the special
16 tax may be expended for any or all of the following uses:

17 (1) Advertising, exploiting, and making known the resources
18 of the county.

19 (2) Exhibiting or advertising the agricultural, horticultural,
20 viticultural, mineral, industrial, commercial, climatic, educational,
21 recreational, artistic, musical, cultural, and other resources or
22 advantages of the county.

23 (3) Making plans and arrangements for a world's fair, trade fair,
24 or other fair or exposition at which such resources may be
25 exhibited.

26 (4) Doing any of such work in cooperation with or jointly by
27 contract with other agencies, associations, or corporations.

28 (b) The board may also appropriate for the purposes of this
29 chapter any moneys accruing to the general fund derived pursuant
30 to Section 7280 of the Revenue and Taxation Code.

31 SEC. 8. Section 26101 of the Government Code is amended
32 to read:

33 26101. If the proceeds from the special tax levied pursuant to
34 Section 26100 will not raise fifty thousand dollars (\$50,000) in
35 any one year, the board may appropriate from the general fund of
36 the county an amount sufficient to make up the deficiency existing
37 between the amount raised as the result of the special tax and fifty
38 thousand dollars (\$50,000).

39 SEC. 9. Section 26802.5 of the Government Code is amended
40 to read:

26802.5. In the Counties of El Dorado, Kings, Lake, Marin, Merced, Monterey, Napa, Riverside, San Joaquin, Solano, and Tulare, a registrar of voters may be appointed by the board of supervisors in the same manner as other county officers are appointed. In those counties, the county clerk is not ex officio registrar of voters, and the registrar of voters shall discharge all duties vested by law in the county elections official that relate to and are a part of the election procedure.

SEC. 10. Section 37617 of the Government Code is amended to read:

37617. If other provision has not been made for maintenance of the hospital, the legislative body may levy a special tax, pursuant to Article 3.5 (commencing with Section 50075) of Chapter 1 of Part 1 of Division 1 of Title 5, and spend the proceeds to maintain the hospital and purchase necessary property for the hospital. The special tax is in addition to other taxes permitted in the city.

~~SEC. 10.5.~~

SEC. 10.1. Section 50022.6 of the Government Code is amended to read:

50022.6. At least one copy of each primary code adopted by reference, and of each secondary code pertaining thereto, all certified to be true copies by the clerk of the legislative body, shall be filed in the office of the clerk of the legislative body at least 15 days preceding the hearing, and shall be kept there for public inspection while the ordinance is in force. However, after the adoption of the code by reference, one copy of the primary code and of each secondary code may be kept in the office of the chief enforcement officer instead of in the office of the clerk of the legislative body.

SEC. 10.5. *Section 53601 of the Government Code is amended to read:*

53601. This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having money in a sinking fund or money in its treasury not required for the immediate needs of the local agency may invest any portion

1 of the money that it deems wise or expedient in those investments
2 set forth below. A local agency purchasing or obtaining any
3 securities prescribed in this section, in a negotiable, bearer,
4 registered, or nonregistered format, shall require delivery of the
5 securities to the local agency, including those purchased for the
6 agency by financial advisers, consultants, or managers using the
7 agency's funds, by book entry, physical delivery, or by third-party
8 custodial agreement. The transfer of securities to the counterparty
9 bank's customer book entry account may be used for book entry
10 delivery.

11 For purposes of this section, "counterparty" means the other
12 party to the transaction. A counterparty bank's trust department
13 or separate safekeeping department may be used for the physical
14 delivery of the security if the security is held in the name of the
15 local agency. Where this section specifies a percentage limitation
16 for a particular category of investment, that percentage is applicable
17 only at the date of purchase. Where this section does not specify
18 a limitation on the term or remaining maturity at the time of the
19 investment, no investment shall be made in any security, other
20 than a security underlying a repurchase or reverse repurchase
21 agreement or securities lending agreement authorized by this
22 section, that at the time of the investment has a term remaining to
23 maturity in excess of five years, unless the legislative body has
24 granted express authority to make that investment either
25 specifically or as a part of an investment program approved by the
26 legislative body no less than three months prior to the investment:

27 (a) Bonds issued by the local agency, including bonds payable
28 solely out of the revenues from a revenue-producing property
29 owned, controlled, or operated by the local agency or by a
30 department, board, agency, or authority of the local agency.

31 (b) United States Treasury notes, bonds, bills, or certificates of
32 indebtedness, or those for which the faith and credit of the United
33 States are pledged for the payment of principal and interest.

34 (c) Registered state warrants or treasury notes or bonds of this
35 state, including bonds payable solely out of the revenues from a
36 revenue-producing property owned, controlled, or operated by the
37 state or by a department, board, agency, or authority of the state.

38 (d) Registered treasury notes or bonds of any of the other 49
39 United States in addition to California,, including bonds payable
40 solely out of the revenues from a revenue-producing property

1 owned, controlled, or operated by a state or by a department, board,
2 agency, or authority of any of the other 49 United States, in
3 addition to California.

4 (e) Bonds, notes, warrants, or other evidences of indebtedness
5 of any local agency within this state, including bonds payable
6 solely out of the revenues from a revenue-producing property
7 owned, controlled, or operated by the local agency, or by a
8 department, board, agency, or authority of the local agency.

9 (f) Federal agency or United States government-sponsored
10 enterprise obligations, participations, or other instruments,
11 including those issued by or fully guaranteed as to principal and
12 interest by federal agencies or United States government-sponsored
13 enterprises.

14 (g) Bankers' acceptances otherwise known as bills of exchange
15 or time drafts that are drawn on and accepted by a commercial
16 bank. Purchases of bankers' acceptances may not exceed 180 days'
17 maturity or 40 percent of the agency's money that may be invested
18 pursuant to this section. However, no more than 30 percent of the
19 agency's money may be invested in the bankers' acceptances of
20 any one commercial bank pursuant to this section.

21 This subdivision does not preclude a municipal utility district
22 from investing any money in its treasury in any manner authorized
23 by the Municipal Utility District Act (Division 6 (commencing
24 with Section 11501) of the Public Utilities Code).

25 (h) Commercial paper of "prime" quality of the highest ranking
26 or of the highest letter and number rating as provided for by a
27 nationally recognized statistical-rating organization (NRSRO).
28 The entity that issues the commercial paper shall meet all of the
29 following conditions in either paragraph (1) or paragraph (2):

30 (1) The entity meets the following criteria:

31 (A) Is organized and operating in the United States as a general
32 corporation.

33 (B) Has total assets in excess of five hundred million dollars
34 (\$500,000,000).

35 (C) Has debt other than commercial paper, if any, that is rated
36 "A" or higher by a nationally recognized statistical-rating
37 organization (NRSRO).

38 (2) The entity meets the following criteria:

39 (A) Is organized within the United States as a special purpose
40 corporation, trust, or limited liability company.

1 (B) Has programwide credit enhancements including, but not
2 limited to, overcollateralization, letters of credit, or surety bond.

3 (C) Has commercial paper that is rated “A-1” or higher, or the
4 equivalent, by a nationally recognized statistical-rating organization
5 (NRSRO).

6 Eligible commercial paper shall have a maximum maturity of
7 270 days or less. Local agencies, other than counties or a city and
8 county, may invest no more than 25 percent of their money in
9 eligible commercial paper. Local agencies, other than counties or
10 a city and county, may purchase no more than 10 percent of the
11 outstanding commercial paper of any single issuer. Counties or a
12 city and county may invest in commercial paper pursuant to the
13 concentration limits in subdivision (a) of Section 53635.

14 (i) Negotiable certificates of deposit issued by a nationally or
15 state-chartered bank, a savings association or a federal association
16 (as defined by Section 5102 of the Financial Code), a state or
17 federal credit union, or by a state-licensed branch of a foreign
18 bank. Purchases of negotiable certificates of deposit may not
19 exceed 30 percent of the agency’s money which may be invested
20 pursuant to this section. For purposes of this section, negotiable
21 certificates of deposit do not come within Article 2 (commencing
22 with Section 53630), except that the amount so invested shall be
23 subject to the limitations of Section 53638. The legislative body
24 of a local agency and the treasurer or other official of the local
25 agency having legal custody of the money are prohibited from
26 investing local agency funds, or funds in the custody of the local
27 agency, in negotiable certificates of deposit issued by a state or
28 federal credit union if a member of the legislative body of the local
29 agency, or any person with investment decisionmaking authority
30 in the administrative office manager’s office, budget office,
31 auditor-controller’s office, or treasurer’s office of the local agency
32 also serves on the board of directors, or any committee appointed
33 by the board of directors, or the credit committee or the supervisory
34 committee of the state or federal credit union issuing the negotiable
35 certificates of deposit.

36 (j) (1) Investments in repurchase agreements or reverse
37 repurchase agreements or securities lending agreements of any
38 securities authorized by this section, as long as the agreements are
39 subject to this subdivision, including the delivery requirements
40 specified in this section.

(2) Investments in repurchase agreements may be made, on any investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold on reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty by way of a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4) (A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may only be made upon prior approval of the governing body of the local agency and shall only

1 be made with primary dealers of the Federal Reserve Bank of New
2 York or with a nationally or state-chartered bank that has or has
3 had a significant banking relationship with a local agency.

4 (B) For purposes of this chapter, “significant banking
5 relationship” means any of the following activities of a bank:

6 (i) Involvement in the creation, sale, purchase, or retirement of
7 a local agency’s bonds, warrants, notes, or other evidence of
8 indebtedness.

9 (ii) Financing of a local agency’s activities.

10 (iii) Acceptance of a local agency’s securities or funds as
11 deposits.

12 (5) (A) “Repurchase agreement” means a purchase of securities
13 by the local agency pursuant to an agreement by which the
14 counterparty seller will repurchase the securities on or before a
15 specified date and for a specified amount and the counterparty will
16 deliver the underlying securities to the local agency by book entry,
17 physical delivery, or by third-party custodial agreement. The
18 transfer of underlying securities to the counterparty bank’s
19 customer book-entry account may be used for book-entry delivery.

20 (B) “Securities,” for purpose of repurchase under this
21 subdivision, means securities of the same issuer, description, issue
22 date, and maturity.

23 (C) “Reverse repurchase agreement” means a sale of securities
24 by the local agency pursuant to an agreement by which the local
25 agency will repurchase the securities on or before a specified date
26 and includes other comparable agreements.

27 (D) “Securities lending agreement” means an agreement under
28 which a local agency agrees to transfer securities to a borrower
29 who, in turn, agrees to provide collateral to the local agency.
30 During the term of the agreement, both the securities and the
31 collateral are held by a third party. At the conclusion of the
32 agreement, the securities are transferred back to the local agency
33 in return for the collateral.

34 (E) For purposes of this section, the base value of the local
35 agency’s pool portfolio shall be that dollar amount obtained by
36 totaling all cash balances placed in the pool by all pool participants,
37 excluding any amounts obtained through selling securities by way
38 of reverse repurchase agreements, securities lending agreements,
39 or other similar borrowing methods.

1 (F) For purposes of this section, the spread is the difference
2 between the cost of funds obtained using the reverse repurchase
3 agreement and the earnings obtained on the reinvestment of the
4 funds.

5 (k) Medium-term notes, defined as all corporate and depository
6 institution debt securities with a maximum remaining maturity of
7 five years or less, issued by corporations organized and operating
8 within the United States or by depository institutions licensed by
9 the United States or any state and operating within the United
10 States. Notes eligible for investment under this subdivision shall
11 be rated “A” or better by a nationally recognized rating service.
12 Purchases of medium-term notes shall not include other instruments
13 authorized by this section and may not exceed 30 percent of the
14 agency’s money that may be invested pursuant to this section.

15 (l) (1) Shares of beneficial interest issued by diversified
16 management companies that invest in the securities and obligations
17 as authorized by subdivisions (a) to ~~(j)~~ (k), inclusive, ~~or~~ and
18 subdivisions ~~(m) or (n)~~ to (o), inclusive, and that comply with the
19 investment restrictions of this article and Article 2 (commencing
20 with Section 53630). However, notwithstanding these restrictions,
21 a counterparty to a reverse repurchase agreement or securities
22 lending agreement is not required to be a primary dealer of the
23 Federal Reserve Bank of New York if the company’s board of
24 directors finds that the counterparty presents a minimal risk of
25 default, and the value of the securities underlying a repurchase
26 agreement or securities lending agreement may be 100 percent of
27 the sales price if the securities are marked to market daily.

28 (2) Shares of beneficial interest issued by diversified
29 management companies that are money market funds registered
30 with the Securities and Exchange Commission under the
31 Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

32 (3) If investment is in shares issued pursuant to paragraph (1),
33 the company shall have met either of the following criteria:

34 (A) Attained the highest ranking or the highest letter and
35 numerical rating provided by not less than two nationally
36 recognized statistical rating organizations.

37 (B) Retained an investment adviser registered or exempt from
38 registration with the Securities and Exchange Commission with
39 not less than five years’ experience investing in the securities and
40 obligations authorized by subdivisions (a) to ~~(j)~~ (k), inclusive, ~~or~~

1 *and subdivisions (m) or (n) to (o), inclusive, and with assets under*
2 *management in excess of five hundred million dollars*
3 *(\$500,000,000).*

4 (4) If investment is in shares issued pursuant to paragraph (2),
5 the company shall have met either of the following criteria:

6 (A) Attained the highest ranking or the highest letter and
7 numerical rating provided by not less than two nationally
8 recognized statistical rating organizations.

9 (B) Retained an investment adviser registered or exempt from
10 registration with the Securities and Exchange Commission with
11 not less than five years' experience managing money market
12 mutual funds with assets under management in excess of five
13 hundred million dollars (\$500,000,000).

14 (5) The purchase price of shares of beneficial interest purchased
15 pursuant to this subdivision shall not include any commission that
16 the companies may charge and shall not exceed 20 percent of the
17 agency's money that may be invested pursuant to this section.
18 However, no more than 10 percent of the agency's funds may be
19 invested in shares of beneficial interest of any one mutual fund
20 pursuant to paragraph (1).

21 (m) Moneys held by a trustee or fiscal agent and pledged to the
22 payment or security of bonds or other indebtedness, or obligations
23 under a lease, installment sale, or other agreement of a local
24 agency, or certificates of participation in those bonds, indebtedness,
25 or lease installment sale, or other agreements, may be invested in
26 accordance with the statutory provisions governing the issuance
27 of those bonds, indebtedness, or lease installment sale, or other
28 agreement, or to the extent not inconsistent therewith or if there
29 are no specific statutory provisions, in accordance with the
30 ordinance, resolution, indenture, or agreement of the local agency
31 providing for the issuance.

32 (n) Notes, bonds, or other obligations that are at all times secured
33 by a valid first priority security interest in securities of the types
34 listed by Section 53651 as eligible securities for the purpose of
35 securing local agency deposits having a market value at least equal
36 to that required by Section 53652 for the purpose of securing local
37 agency deposits. The securities serving as collateral shall be placed
38 by delivery or book entry into the custody of a trust company or
39 the trust department of a bank that is not affiliated with the issuer
40 of the secured obligation, and the security interest shall be perfected

1 in accordance with the requirements of the Uniform Commercial
2 Code or federal regulations applicable to the types of securities in
3 which the security interest is granted.

4 (o) Any mortgage passthrough security, collateralized mortgage
5 obligation, mortgage-backed or other pay-through bond, equipment
6 lease-backed certificate, consumer receivable passthrough
7 certificate, or consumer receivable-backed bond of a maximum of
8 five years' maturity. Securities eligible for investment under this
9 subdivision shall be issued by an issuer having an "A" or higher
10 rating for the issuer's debt as provided by a nationally recognized
11 rating service and rated in a rating category of "AA" or its
12 equivalent or better by a nationally recognized rating service.
13 Purchase of securities authorized by this subdivision may not
14 exceed 20 percent of the agency's surplus money that may be
15 invested pursuant to this section.

16 (p) Shares of beneficial interest issued by a joint powers
17 authority organized pursuant to Section 6509.7 that invests in the
18 securities and obligations authorized in subdivisions (a) to ~~(n)~~ (o),
19 inclusive. Each share shall represent an equal proportional interest
20 in the underlying pool of securities owned by the joint powers
21 authority. To be eligible under this section, the joint powers
22 authority issuing the shares shall have retained an investment
23 adviser that meets all of the following criteria:

24 (1) The adviser is registered or exempt from registration with
25 the Securities and Exchange Commission.

26 (2) The adviser has not less than five years of experience
27 investing in the securities and obligations authorized in
28 subdivisions (a) to ~~(n)~~ (o), inclusive.

29 (3) The adviser has assets under management in excess of five
30 hundred million dollars (\$500,000,000).

31 *SEC. 10.7. Section 53635 of the Government Code is amended*
32 *to read:*

33 53635. (a) This section shall apply to a local agency that is a
34 county, a city and county, or other local agency that pools money
35 in deposits or investments with other local agencies, including
36 local agencies that have the same governing body. However,
37 Section 53601 shall apply to all local agencies that pool money in
38 deposits or investments exclusively with local agencies that have
39 the same governing body.

1 This section shall be interpreted in a manner that recognizes the
2 distinct characteristics of investment pools and the distinct
3 administrative burdens on managing and investing funds on a
4 pooled basis pursuant to Article 6 (commencing with Section
5 27130) of Chapter 5 of Division 2 of Title 3.

6 A local agency that is a county, a city and county, or other local
7 agency that pools money in deposits or investments with other
8 agencies may invest in commercial paper pursuant to subdivision
9 ~~(g)~~ (h) of Section 53601, except that the local agency shall be
10 subject to the following concentration limits:

11 (1) No more than 40 percent of the local agency's money may
12 be invested in eligible commercial paper.

13 (2) No more than 10 percent of the total assets of the investments
14 held by a local agency may be invested in any one issuer's
15 commercial paper.

16 (b) Notwithstanding Section 53601, the City of Los Angeles
17 shall be subject to the concentration limits of this section for
18 counties and for cities and counties with regard to the investment
19 of money in eligible commercial paper.

20 *SEC. 10.9. Section 53635.8 of the Government Code is*
21 *amended to read:*

22 53635.8. Notwithstanding Section 53601 or any other provision
23 of this code, a local agency, at its discretion, may invest a portion
24 of its surplus funds in certificates of deposit at a commercial bank,
25 savings bank, savings and loan association, or credit union that
26 uses a private sector entity that assists in the placement of
27 certificates of deposit, provided that the purchases of certificates
28 of deposit pursuant to this section, Section 53601.8, and subdivision
29 ~~(h)~~ (i) of Section 53601 do not, in total, exceed 30 percent of the
30 agency's funds that may be invested for this purpose. The following
31 conditions shall apply:

32 (a) The local agency shall choose a nationally or state-chartered
33 commercial bank, savings bank, savings and loan association, or
34 credit union in this state to invest the funds, which shall be known
35 as the "selected" depository institution.

36 (b) The selected depository institution may submit the funds to
37 a private sector entity that assists in the placement of certificates
38 of deposit with one or more commercial banks, savings banks,
39 savings and loan associations, or credit unions that are located in
40 the United States, for the local agency's account.

1 (c) The full amount of the principal and the interest that may
2 be accrued during the maximum term of each certificate of deposit
3 shall at all times be insured by the Federal Deposit Insurance
4 Corporation or the National Credit Union Administration.

5 (d) The selected depository institution shall serve as a custodian
6 for each certificate of deposit that is issued with the placement
7 service for the local agency's account.

8 (e) At the same time the local agency's funds are deposited and
9 the certificates of deposit are issued, the selected depository
10 institution shall receive an amount of deposits from other
11 commercial banks, savings banks, savings and loan associations,
12 or credit unions that, in total, are equal to, or greater than, the full
13 amount of the principal that the local agency initially deposited
14 through the selected depository institution for investment.

15 (f) A local agency may not invest surplus funds with a selected
16 depository institution for placement as certificates of deposit
17 pursuant to this section on or after January 1, 2012. A local
18 agency's surplus funds, invested pursuant to this section before
19 January 1, 2012, may remain invested in certificates of deposit
20 issued through a private sector entity for the full term of each
21 certificate of deposit.

22 (g) Notwithstanding subdivisions (a) to (f), inclusive, no credit
23 union may act as a selected depository institution under this section
24 or Section 53601.8 unless both of the following conditions are
25 satisfied:

26 (1) The credit union offers federal depository insurance through
27 the National Credit Union Administration.

28 (2) The credit union is in possession of written guidance or other
29 written communication from the National Credit Union
30 Administration authorizing participation of federally insured credit
31 unions in one or more certificate of deposit placement services
32 and affirming that the moneys held by those credit unions while
33 participating in a deposit placement service will at all times be
34 insured by the federal government.

35 (h) It is the intent of the Legislature that nothing in this section
36 shall restrict competition among private sector entities that provide
37 placement services pursuant to this section.

38 SEC. 11. Section 53646 of the Government Code is amended
39 to read:

1 53646. (a) (1) In the case of county government, the treasurer
2 may annually render to the board of supervisors and any oversight
3 committee a statement of investment policy, which the board shall
4 review and approve at a public meeting. Any change in the policy
5 shall also be reviewed and approved by the board at a public
6 meeting.

7 (2) In the case of any other local agency, the treasurer or chief
8 fiscal officer of the local agency may annually render to the
9 legislative body of that local agency and any oversight committee
10 of that local agency a statement of investment policy, which the
11 legislative body of the local agency shall consider at a public
12 meeting. Any change in the policy shall also be considered by the
13 legislative body of the local agency at a public meeting.

14 (b) (1) The treasurer or chief fiscal officer may render a
15 quarterly report to the chief executive officer, the internal auditor,
16 and the legislative body of the local agency. The quarterly report
17 shall be so submitted within 30 days following the end of the
18 quarter covered by the report. Except as provided in subdivisions
19 (e) and (f), this report shall include the type of investment, issuer,
20 date of maturity, par and dollar amount invested on all securities,
21 investments and moneys held by the local agency, and shall
22 additionally include a description of any of the local agency's
23 funds, investments, or programs, that are under the management
24 of contracted parties, including lending programs. With respect to
25 all securities held by the local agency, and under management of
26 any outside party that is not also a local agency or the State of
27 California Local Agency Investment Fund, the report shall also
28 include a current market value as of the date of the report, and
29 shall include the source of this same valuation.

30 (2) The quarterly report shall state compliance of the portfolio
31 to the statement of investment policy, or manner in which the
32 portfolio is not in compliance.

33 (3) The quarterly report shall include a statement denoting the
34 ability of the local agency to meet its pool's expenditure
35 requirements for the next six months, or provide an explanation
36 as to why sufficient money shall, or may, not be available.

37 (4) In the quarterly report, a subsidiary ledger of investments
38 may be used in accordance with accepted accounting practices.

1 (c) Pursuant to subdivision (b), the treasurer or chief fiscal
2 officer shall report whatever additional information or data may
3 be required by the legislative body of the local agency.

4 (d) The legislative body of a local agency may elect to require
5 the report specified in subdivision (b) to be made on a monthly
6 basis instead of quarterly.

7 (e) For local agency investments that have been placed in the
8 Local Agency Investment Fund, created by Section 16429.1, in
9 National Credit Union Share Insurance Fund-insured accounts in
10 a credit union, in accounts insured or guaranteed pursuant to
11 Section 14858 of the Financial Code, or in Federal Deposit
12 Insurance Corporation-insured accounts in a bank or savings and
13 loan association, in a county investment pool, or any combination
14 of these, the treasurer or chief fiscal officer may supply to the
15 governing body, chief executive officer, and the auditor of the
16 local agency the most recent statement or statements received by
17 the local agency from these institutions in lieu of the information
18 required by paragraph (1) of subdivision (b) regarding investments
19 in these institutions.

20 (f) The treasurer or chief fiscal officer shall not be required to
21 render a quarterly report, as required by subdivision (b), to a
22 legislative body or any oversight committee of a school district or
23 county office of education for securities, investments, or moneys
24 held by the school district or county office of education in
25 individual accounts that are less than twenty-five thousand dollars
26 (\$25,000).

27 (g) The city, county, or city and county investor of any public
28 funds, no later than 60 days after the close of the second quarter
29 of each calendar year and 60 days after the subsequent amendments
30 thereto, shall provide the statement of investment policy required
31 pursuant to this section, to the California Debt and Investment
32 Advisory Commission.

33 (h) In recognition of the state and local interests served by the
34 actions made optional in subdivisions (a) and (b), the Legislature
35 encourages the local agency officials to continue taking the actions
36 formerly mandated by this section. However, nothing in this
37 subdivision may be construed to impose any liability on a local
38 agency that does not continue to take the formerly mandated action.

39 SEC. 12. Section 53839 of the Government Code is amended
40 to read:

1 53839. A special district shall not issue any securitized limited
2 obligation notes after December 31, 2014, unless a later enacted
3 statute that is enacted before December 31, 2014, deletes or extends
4 that date.

5 SEC. 12.3. Section 56425.5 of the Government Code is
6 amended to read:

7 56425.5. (a) A determination of a city's sphere of influence,
8 in any case where that sphere of influence includes any portion of
9 the redevelopment project area referenced in subdivision (e) of
10 Section 33492.41 of the Health and Safety Code, shall not preclude
11 any other local agency, as defined in Section 54951, including the
12 redevelopment agency referenced in Section 33492.41 of the Health
13 and Safety Code, in addition to that city, from providing facilities
14 or services related to development to or in that portion of the
15 redevelopment project area that, as of January 1, 2000, meets all
16 of the following requirements:

17 (1) Is unincorporated territory.
18 (2) Contains at least 100 acres.
19 (3) Is surrounded or substantially surrounded by incorporated
20 territory.

21 (4) Contains at least 100 acres zoned for commercial or
22 industrial uses or is designated on the applicable county general
23 plan for commercial or industrial uses.

24 (b) Facilities or services related to development may be provided
25 by other local agencies to all or any portion of the area defined in
26 paragraphs (1) to (4), inclusive, of subdivision (a). Subdivision (a)
27 shall apply regardless of whether the determination of the sphere
28 of influence is made before or after January 1, 2000.

29 SEC. 12.5. Section 65863 of the Government Code is amended
30 to read:

31 65863. (a) Each city, county, or city and county shall ensure
32 that its housing element inventory described in paragraph (3) of
33 subdivision (a) of Section 65583 or its housing element program
34 to make sites available pursuant to paragraph (1) of subdivision
35 (c) of Section 65583 can accommodate its share of the regional
36 housing need pursuant to Section 65584, throughout the planning
37 period.

38 (b) No city, county, or city and county shall, by administrative,
39 quasi-judicial, legislative, or other action, reduce, or require or
40 permit the reduction of, the residential density for any parcel to,

1 or allow development of any parcel at, a lower residential density,
2 as defined in paragraphs (1), and (2) of subdivision (g), unless the
3 city, county, or city and county makes written findings supported
4 by substantial evidence of both of the following:

5 (1) The reduction is consistent with the adopted general plan,
6 including the housing element.

7 (2) The remaining sites identified in the housing element are
8 adequate to accommodate the jurisdiction's share of the regional
9 housing need pursuant to Section 65584.

10 (c) If a reduction in residential density for any parcel would
11 result in the remaining sites in the housing element not being
12 adequate to accommodate the jurisdiction's share of the regional
13 housing need pursuant to Section 65584, the jurisdiction may
14 reduce the density on that parcel if it identifies sufficient additional,
15 adequate, and available sites with an equal or greater residential
16 density in the jurisdiction so that there is no net loss of residential
17 unit capacity.

18 (d) The requirements of this section shall be in addition to any
19 other law that may restrict or limit the reduction of residential
20 density.

21 (e) This section requires that a city, county, or city and county
22 be solely responsible for compliance with this section, unless a
23 project applicant requests in his or her initial application, as
24 submitted, a density that would result in the remaining sites in the
25 housing element not being adequate to accommodate the
26 jurisdiction's share of the regional housing need pursuant to Section
27 65584. In that case, the city, county, or city and county may require
28 the project applicant to comply with this section. The submission
29 of an application for purposes of this subdivision does not depend
30 on the application being deemed complete or being accepted by
31 the city, county, or city and county.

32 (f) This section shall not be construed to apply to parcels that,
33 prior to January 1, 2003, were either (1) subject to a development
34 agreement, or (2) parcels for which an application for a subdivision
35 map had been submitted.

36 (g) (1) If the local jurisdiction has adopted a housing element
37 for the current planning period that is in substantial compliance
38 with Article 10.6 (commencing with Section 65580) of Chapter
39 3, for purposes of this section, "lower residential density" means
40 the following:

1 (A) For sites zoned for residential use and identified in the local
2 ~~jurisdiction~~² *jurisdiction's* housing element inventory described
3 in paragraph (3) of subdivision (a) of Section 65583, a density
4 below the density used in the inventory to determine the total
5 housing unit capacity.

6 (B) For sites that have been or will be rezoned pursuant to the
7 local jurisdiction's housing element program described in
8 paragraph (1) of subdivision (c) of Section 65583, a density below
9 the density used to determine the housing unit capacity of the
10 rezoned site.

11 (2) If the local jurisdiction has not adopted a housing element
12 for the current planning period within 90 days of the deadline
13 established by Section 65588 for purposes of this section, or the
14 adopted housing element is not in substantial compliance with
15 Article 10.6 (commencing with Section 65580) of Chapter 3 within
16 180 days of the deadline established by Section 65588, "lower
17 residential density" means a density that is lower than 80 percent
18 of the maximum allowable residential density for that parcel. For
19 the purposes of this paragraph, if the council of governments fails
20 to complete a final housing need allocation pursuant to the
21 deadlines established by Section 65584.05, the deadline for
22 adoption of the housing element and determining substantial
23 compliance shall be extended by a time period equal to the delay
24 incurred by the council of governments in completing the final
25 housing need allocation.

26 SEC. 13. Section 66412 of the Government Code is amended
27 to read:

28 66412. This division shall be inapplicable to any of the
29 following:

30 (a) The financing or leasing of apartments, offices, stores, or
31 similar space within apartment buildings, industrial buildings,
32 commercial buildings, mobilehome parks, or trailer parks.

33 (b) Mineral, oil, or gas leases.

34 (c) Land dedicated for cemetery purposes under the Health and
35 Safety Code.

36 (d) A lot line adjustment between four or fewer existing
37 adjoining parcels, where the land taken from one parcel is added
38 to an adjoining parcel, and where a greater number of parcels than
39 originally existed is not thereby created, if the lot line adjustment
40 is approved by the local agency, or advisory agency. A local agency

1 or advisory agency shall limit its review and approval to a
2 determination of whether or not the parcels resulting from the lot
3 line adjustment will conform to the local general plan, any
4 applicable specific plan, any applicable coastal plan, and zoning
5 and building ordinances. An advisory agency or local agency shall
6 not impose conditions or exactions on its approval of a lot line
7 adjustment except to conform to the local general plan, any
8 applicable specific plan, any applicable coastal plan, and zoning
9 and building ordinances, to require the prepayment of real property
10 taxes prior to the approval of the lot line adjustment, or to facilitate
11 the relocation of existing utilities, infrastructure, or easements. No
12 tentative map, parcel map, or final map shall be required as a
13 condition to the approval of a lot line adjustment. The lot line
14 adjustment shall be reflected in a deed, which shall be recorded.
15 No record of survey shall be required for a lot line adjustment
16 unless required by Section 8762 of the Business and Professions
17 Code.

18 (e) Boundary line or exchange agreements to which the State
19 Lands Commission or a local agency holding a trust grant of tide
20 and submerged lands is a party.

21 (f) Any separate assessment under Section 2188.7 of the
22 Revenue and Taxation Code.

23 (g) Unless a parcel or final map was approved by the legislative
24 body of a local agency, the conversion of a community apartment
25 project, as defined in Section 1351 of the Civil Code, to a
26 condominium, as defined in Section 783 of the Civil Code, but
27 only if all of the following requirements are met:

28 (1) At least 75 percent of the units in the project were occupied
29 by record owners of the project on March 31, 1982.

30 (2) A final or parcel map of the project was properly recorded,
31 if the property was subdivided, as defined in Section 66424, after
32 January 1, 1964, with all of the conditions of that map remaining
33 in effect after the conversion.

34 (3) The local agency certifies that the above requirements were
35 satisfied if the local agency, by ordinance, provides for that
36 certification.

37 (4) Subject to compliance with subdivision (e) of Section 1351
38 of the Civil Code, all conveyances and other documents necessary
39 to effectuate the conversion shall be executed by the required
40 number of owners in the project as specified in the bylaws or other

1 organizational documents. If the bylaws or other organizational
2 documents do not expressly specify the number of owners
3 necessary to execute the conveyances and other documents, a
4 majority of owners in the project shall be required to execute the
5 conveyances or other documents. Conveyances and other
6 documents executed under the foregoing provisions shall be
7 binding upon and affect the interests of all parties in the project.

8 (h) Unless a parcel or final map was approved by the legislative
9 body of a local agency, the conversion of a stock cooperative, as
10 defined in Section 1351 of the Civil Code, to a condominium, as
11 defined in Section 783 of the Civil Code, but only if all of the
12 following requirements are met:

13 (1) At least 51 percent of the units in the cooperative were
14 occupied by stockholders of the cooperative on January 1, 1981,
15 or individually owned by stockholders of the cooperative on
16 January 1, 1981. As used in this paragraph, a cooperative unit is
17 “individually owned” if and only if the stockholder of that unit
18 owns or partially owns an interest in no more than one unit in the
19 cooperative.

20 (2) No more than 25 percent of the shares of the cooperative
21 were owned by any one person, as defined in Section 17, including
22 an incorporator or director of the cooperative, on January 1, 1981.

23 (3) A person renting a unit in a cooperative shall be entitled at
24 the time of conversion to all tenant rights in state or local law,
25 including, but not limited to, rights respecting first refusal, notice,
26 and displacement and relocation benefits.

27 (4) The local agency certifies that the above requirements were
28 satisfied if the local agency, by ordinance, provides for that
29 certification.

30 (5) Subject to compliance with subdivision (e) of Section 1351
31 of the Civil Code, all conveyances and other documents necessary
32 to effectuate the conversion shall be executed by the required
33 number of owners in the cooperative as specified in the bylaws or
34 other organizational documents. If the bylaws or other
35 organizational documents do not expressly specify the number of
36 owners necessary to execute the conveyances and other documents,
37 a majority of owners in the cooperative shall be required to execute
38 the conveyances or other documents. Conveyances and other
39 documents executed under the foregoing provisions shall be

1 binding upon and affect the interests of all parties in the
2 cooperative.

3 (i) The leasing of, or the granting of an easement to, a parcel of
4 land, or any portion or portions thereof, in conjunction with the
5 financing, erection, and sale or lease of a windpowered electrical
6 generation device on the land, if the project is subject to
7 discretionary action by the advisory agency or legislative body.

8 (j) The leasing or licensing of a portion of a parcel, or the
9 granting of an easement, use permit, or similar right on a portion
10 of a parcel, to a telephone corporation as defined in Section 234
11 of the Public Utilities Code, exclusively for the placement and
12 operation of cellular radio transmission facilities, including, but
13 not limited to, antennae support structures, microwave dishes,
14 structures to house cellular communications transmission
15 equipment, power sources, and other equipment incidental to the
16 transmission of cellular communications, if the project is subject
17 to discretionary action by the advisory agency or legislative body.

18 (k) Leases of agricultural land for agricultural purposes. As used
19 in this subdivision, “agricultural purposes” means the cultivation
20 of food or fiber, or the grazing or pasturing of livestock.

21 (l) The leasing of, or the granting of an easement to, a parcel of
22 land, or any portion or portions thereof, in conjunction with the
23 financing, erection, and sale or lease of a solar electrical generation
24 device on the land, if the project is subject to review under other
25 local agency ordinances regulating design and improvement or, if
26 the project is subject to other discretionary action by the advisory
27 agency or legislative body.

28 SEC. 14. Section 4730.11 of the Health and Safety Code is
29 amended to read:

30 4730.11. (a) Notwithstanding any other provision of this
31 article, the governing body of the Sacramento Area Sewer District,
32 formerly known as the Sacramento County Sanitation District No.
33 1, shall be a board of directors composed of not less than five
34 members.

35 (b) If the district includes no territory that is within a city, the
36 Sacramento County Board of Supervisors shall be the board of
37 directors of the district. If the district includes territory that is
38 within a city, the board of directors shall be composed of the
39 Sacramento County Board of Supervisors and a member of the

1 governing body of each included city, appointed by that city's
2 governing body.

3 (c) The governing body of each city located within the district
4 may appoint one of its members to serve as an alternate to act in
5 the absence, inability, or refusal to act, of its appointed member.

6 (d) (1) Each member or alternate member of the board of
7 directors shall have one vote.

8 (2) Notwithstanding paragraph (1), if the members of the board
9 of directors constitute an even number and if the vote is tied, the
10 chairperson of the board of directors shall have an additional vote.

11 SEC. 15. Section 5474 of the Health and Safety Code is
12 amended to read:

13 5474. An entity shall have the power by ordinance approved
14 by two-thirds vote of the members of the legislative body thereof
15 to fix fees or charges for the privilege of connecting to its sanitation
16 or sewerage facilities and improvements constructed by the entity
17 pursuant to Sections 5463 and 5464, to fix the time or times at
18 which the fees or charges shall become due, to provide for the
19 payment of the fees or charges prior to connection or in
20 installments over a period of not to exceed 30 years, to provide
21 the rate of interest, not to exceed 12 percent per annum, to be
22 charged on the unpaid balance of the fees or charges, and to provide
23 that the amount of the fees or charges and the interest thereon shall
24 constitute a lien against the respective lots or parcels of land to
25 which the facilities are connected at the time and in the manner
26 specified in Sections 5473.5 and 5473.8. Prior to making the fees
27 or charges a lien against the land, the legislative body shall give
28 notice to the owners of the lots or parcels of land affected, and the
29 notice shall set forth all of the following:

30 (a) The schedule of fees or charges to be imposed by the entity.

31 (b) A description of the property subject to the fees or charges,
32 which description may be by reference to a plat or diagram on file
33 in the office of the clerk of the legislative body, or to maps prepared
34 in accordance with Section 327 of the Revenue and Taxation Code,
35 and on file in the office of the county assessor.

36 (c) The time or times at which the fees or charges shall become
37 due.

38 (d) The number of installments in which the fees or charges
39 shall be payable.

1 (e) The rate of interest, not to exceed 12 percent per annum, to
2 be charged on the unpaid balance of the fees or charges.

3 (f) That it is proposed that the fees or charges and interest
4 thereon shall constitute a lien against the lots or parcels of land to
5 which the facilities are furnished.

6 (g) The time and place at which the legislative body will hold
7 a hearing at which persons may appear and present any and all
8 objections they may have to the imposition of the fees or charges
9 as a lien against the land.

10 SEC. 16. Section 33492.42 of the Health and Safety Code is
11 amended to read:

12 33492.42. (a) The redevelopment agency referenced in Section
13 33492.41 may locate, construct, and maintain facilities and
14 infrastructure for sewer and water pipelines or other facilities for
15 sewer transmission and water supply or distribution systems along
16 and across any street or public highway and on any lands that are
17 now or hereafter owned by the state, for the purpose of providing
18 facilities or services related to development to, or in that portion
19 of, the redevelopment project area referenced in subdivision (e)
20 of Section 33492.41 that, as of January 1, 2000, meets all of the
21 following requirements:

22 (1) Is unincorporated territory.

23 (2) Contains at least 100 acres.

24 (3) Is surrounded or substantially surrounded by incorporated
25 territory.

26 (4) Contains at least 100 acres zoned for commercial or
27 industrial uses or is designated on the applicable county general
28 plan for commercial or industrial uses.

29 (b) Facilities or services related to development may be provided
30 by the redevelopment agency referenced in Section 33492.41 to
31 all or any portion of the area defined in paragraphs (1) to (4),
32 inclusive, of subdivision (a). Notwithstanding any other provision
33 of the Government Code, building ordinances, zoning ordinances,
34 and any other local ordinances, rules, and regulations of a city or
35 other political subdivision of the state shall not apply to the
36 location, construction, or maintenance of facilities or services
37 related to development pursuant to this section.

38 SEC. 16.5. Section 116183 of the Health and Safety Code is
39 amended to read:

1 116183. (a) The Legislature finds and declares that cooperative
2 agreements between the State Department of *Public Health*
3 ~~Services~~ and local vector control districts help to ensure that all
4 state and federal requirements regarding the use of pesticides are
5 met and provide participating agencies with the flexibility to
6 perform their legally mandated role to control mosquito and other
7 public health vectors.

8 (b) To ensure public health and safety, any state or local agency
9 responding to an outbreak of West Nile virus or other
10 mosquito-borne disease with an abatement and surveillance
11 program shall, and any federal agency so responding is encouraged
12 to, contract with a local mosquito and vector control agency that
13 is party to a cooperative agreement with the State Department of
14 *Public Health*~~Services~~ or shall consult directly with the State
15 Department of *Public Health*~~Services~~ to ensure that outbreak
16 response is supervised appropriately and conducted by licensed
17 personnel using sound integrated mosquito management
18 techniques.

19 (c) For the purposes of this section “outbreak” means the
20 occurrence of cases of a disease or illness above the expected or
21 baseline level, usually over a given period of time, in a geographic
22 area or facility, or in a specific population group. The number of
23 cases indicating the presence of an outbreak will vary according
24 to the disease agent, size and type of population exposed, previous
25 exposure to the agent, and the time and place of exposure.

26 (d) This section shall remain in effect only until January 1,
27 ~~2009~~ 2011, and as of that date is repealed, unless a later enacted
28 statute, that is enacted before January 1, ~~2009~~ 2011, deletes or
29 extends that date.

30 SEC. 17. Section 36623 of the Streets and Highways Code is
31 amended to read:

32 36623. (a) If a city council proposes to levy a new or increased
33 property assessment, the notice and protest and hearing procedure
34 shall comply with Section 53753 of the Government Code.

35 (b) If a city council proposes to levy a new or increased business
36 assessment, the notice and protest and hearing procedure shall
37 comply with Section 54954.6 of the Government Code, except
38 that notice shall be mailed to the owners of the businesses proposed
39 to be assessed. A protest may be made orally or in writing by any
40 interested person. Every written protest shall be filed with the clerk

1 at or before the time fixed for the public hearing. The city council
2 may waive any irregularity in the form or content of any written
3 protest. A written protest may be withdrawn in writing at any time
4 before the conclusion of the public hearing. Each written protest
5 shall contain a description of the business in which the person
6 subscribing the protest is interested sufficient to identify the
7 business and, if a person subscribing is not shown on the ~~officials~~
8 *official* records of the city as the owner of the business, the protest
9 shall contain or be accompanied by written evidence that the person
10 subscribing is the owner of the business. A written protest which
11 does not comply with this section shall not be counted in
12 determining a majority protest. If written protests are received
13 from the owners of businesses in the proposed district which will
14 pay 50 percent or more of the assessments proposed to be levied
15 and ~~protest~~ *protests* are not withdrawn so as to reduce the protests
16 to less than 50 percent, no further proceedings to levy the proposed
17 assessment against such businesses, as contained in the resolution
18 of intention, shall be taken for a period of one year from the date
19 of the finding of a majority protest by the city council.

20 SEC. 18. In enacting this act to repeal subdivision (e) of Section
21 ~~65963~~ 65863 of the Government Code, the Legislature finds and
22 declares that it is aware that a successful party may request a court
23 to award attorney's fees pursuant to Section 1021.5 of the Code
24 of Civil Procedure.

25 SEC. 19. *If the Commission on State Mandates determines that*
26 *this act contains costs mandated by the state, reimbursement to*
27 *local agencies and school districts for those costs shall be made*
28 *pursuant to Part 7 (commencing with Section 17500) of Division*
29 *4 of Title 2 of the Government Code.*